STUDY PROJECT

U.S. STRATEGY FOR THE FAR EAST: TOWARD THE 21ST CENTURY

BY

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U.S. STRATEGY FOR THE FAR EAST: TOWARD THE 21ST CENTURY

AN INDIVIDUAL STUDY PROJECT

by

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ABSTRACT

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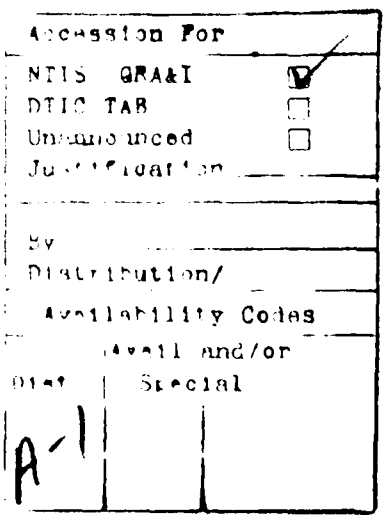
The United States post World War II security measures for the Far East have resulted in dynamic regional economic and political change. Ironically, America must now meet new challenges resulting from its successful security policies. Some observers predict the Twenty-first Century will be the "Pacific Century." The strong export-led regional economies - notably Japan - are the primary cause for this perceived shift in power. Furthermore, we've become increasingly aware of the importance of economics as an aspect of national security and its impact on Americans' quality of life. Analyzing the Soviet regional threat and America's military, economic, political and sociopsychological regional interests and identifying current and future issues, this paper develops a general framework for designing a regional U.S. strategy for the Far East in the next century.



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U.S. STRATEGY FOR THE FAR EAST; TOWARD THE 21ST CENTURY

CHAPTER I

INTRODUCTION

A profound geopolitical shift is occurring in the world according to some foreign affairs analysts; the Twenty-first Century will be the "Pacific Century" they predict.1 In light of this prophesy, Americans have begun to consider the reasons for and the impact of this significant change on their future security and lifestyle.

BACKGROUND

The United States is a Pacific nation: the Pacific Ocean borders on or surrounds five American states. Since the nineteenth century we've governed trusts and territories in the Pacific region. Following World War II, Americans fought in two Asian conflicts and five of our seven existing security treaties are with Pacific signatories.

America's predominantly European heritage and cultural traditions, however, cause us to look westward toward our "historical roots." Even though America's direct participation in World War II stemmed from Japan's attack on Pearl Harbor, the United States pursued a "Europe First" strategy in World War II. Our "Europe First" emphasis continues today as we work with our NATO allies and the

Soviet Union to reduce the likelihood of a nuclear or conventional conflict on the European continent. In short, the Far East occupies a "second row seat" in American foreign policy.

Soviet Premier Gorbachev's 1986 Vladivostok address summarized the Soviet Union's intent to expand its role and influence in the Pacific region. The Soviet Union's significant land, air and naval capabilities in the Far East underscore its resolve to become a dominant player in shaping the Pacific's future. In addition to Soviet intentions, the United States faces the challenges of re-addressing its trade imbalances with Japan and its nearby industrialized neighbors; redefining its security role with South Korea; maintaining its bases in the Philippines; expanding its ties with China while walking a "diplomatic tight rope" with Taiwan; focusing more attention on developments in the South Pacific, and maintaining positive relations with the Association of Southeast Asian Nations (ASEAN). Important as Europe is to America's national security, for the future we should elevate the Pacific Rim to co-equal status with Europe.

PROBLEM STATEMENT

There is a great potential for change in the Orient; consequently, we must re-examine our Far Eastern strategy to ensure beneficial change for the United States and the American security, economic, political, and sociopsycho-

logical interests, challenges, and issues in the Orient with the objective of offering a broad American strategy for the Far East in the Twerty-first Century.

ENDNOTES

1. Bill Powell, et al., "The Pacific Century," Newsweek, 22 February 1988, p. 43.

CHAPTER II

THE THREAT

SOVIET OBJECTIVES IN THE PACIFIC

The Soviet Union is the dominant threat to the United States and its allies in the Pacific Basin. Soviet objectives in the Pacific region are: to provide support to socialist governments and revolutionary movements; to expand the Soviet Union's diplomatic and commercial presence; and ultimately to supplant the United States as the dominant regional power.1 In the event of hostilities, the Soviets' wartime goals in the Pacific are: to defend strategic strike assets until their use; to defend the homeland; and to deter opening of a second front by the Peoples' Republic of China (PRC) military forces.2 To accomplish these goals, the Soviets designated the Far East as one of its three major strategic theatres comprised of two regional theatres of military operations: the Far Eastern and Pacific Ocean. These strategic and theatre organizations are responsible for the integration and direction of formidable military capabilities.

SOVIET FORCES

Nineteen seventy-eight marked a watershed in Soviet military capabilities in the Far East. Prior to 1978, Soviet

forces manned fighting systems that were a decade behind the quality and capability of communist forces in Eastern Europe. Today, Soviet Far Eastern land, air and naval forces employ modern, technologically advanced warfighting equipment.

The Soviets employ approximately one-third of its total land power in the Far East. Soviet forces enhanced their mobility and firepower with the introduction of self propelled artillery, an improved main gun for the T-72 tank, and a quadrupled increase in its numbers of attack and heavy lift helicopters.

The Soviet tactical air force stationed about twenty percent of its total strength in the Far East. The modernized and expanded air arm has all weather/all aspect fighter operational capabilities. Examples of improved tactical and strategic air capabilities are the introduction of the MIG-31 which can engage simultaneously multiple targets and serve as a flying air battle management center. Complementing the MIG-31 is the SU-27 flanker fighter with a look-down, shoot-down capability. Likewise, Soviet naval aviation has demonstrated new capabilities and intentions in the Far East:

> Soviet Naval Aviation now routinely open-aces over the Sea of Japan and in the vicinity of the Kuril Island chain. In 1982 Soviet Backfires conducted simulated strike operations against a U.S. Carrier Battle Group in the Northern Pacific. This constituted the first instance where Backfires flew attack training missions against U.S.

> surface vessels anywhere in the world, and it clearly signaled the Soviet intention to employ its Backfire bombers - armed with their 15-mile-range nuclear-capable AS-4 Kitchen cruise missiles - in a sea interdiction role.4

At the strategical air level, the Soviet Bear G model is capable of striking the Hawaiian Islands while the Bear H bomber, armed with air-launched cruise missiles with a range of 1,600 miles, conducts simulated strike training missions against U.S. continental targets.5

Traditionally a continental land power, the Soviet Union has made impressive gains in expanding and modernizing its naval fleet. The Soviet Pacific Fleet, the largest of the Soviet Union's four fleets, tripled in size in twenty years. Today, it has over 300 naval combatants and continues to improve upon capabilities:

> ...three new classes of combatants were introduced into the Pacific - the Kirov, the Udoloy and the Sovermmenyy. These ships provide formidable defensive and offensive capabilities with five new missile systems. The Kirov alone carries approximately 300 missiles, including the SS-N-19 surface-to-surface missile with a range in excess of 300 miles (483 KM), and both long and short range air defense missiles.6

Attack submarines and SSBNS number approximately 98 and range from Soviet home waters to America's West Coast. Over half of these submarines feature nuclear power and the underwater fleet is improving its "quiet submarine" operational

capabilities. In short, the Soviet Union has a "Blue Water Navy" capable of projecting power throughout the Pacific Rim.

The following chart summarizes current Soviet military strength in its Far Eastern and Pacific Ocean theatres:

Far East TVD		Pacific Ocean TVD	
Divisions	57(4 in Mongolia)	A/C Carriers	2
Tanks	14,900	Combatants	75
APC/IFV's	17,500	Combatant Ships	128
Artillery	13,700	Auxiliaries	97
Tac SSMs	400	Submarines	98
Tac A/C	1,300	Naval A/C	560
		Naval Inf Bde	1

SOVIET ALLIES

The Soviet Union has defense treaties with North Korea and Vietnam and their armed forces substantially enhance Soviet military capabilities in the Far East. North Korean armed forces number approximately 800,000, the sixth largest military force in the world. Recently, North Korea granted overflight rights to the Soviets and Soviet flotillas made port calls at Wonsan.8 Furthermore, North Korean and Soviet forces have conducted combined training operations.9

Vietnam's military strength of over one million is the world's fourth largest armed force. Currently, approximately 150,000 Vietnamese troops occupy Cambodia with another 50,000 stationed in Laos and 700,000 deployed along the Sino-Vietnamese border.10 Moreover, Soviet air and naval forces stationed at Cam Panh allow Soviets to cruise the South China Sea and place them in position to threaten the major sea line

of communication (SLOC) for transporting oil and raw materiels to Japan, South Korea, Hong Kong, and Taiwan.

CONCLUSION

The increased and modernized Soviet capabilities in the Pacific Basin represent a significant threat to American and allied interests. The major concern is the Soviets' announced intention at Vladivostok in 1986 to play an expanded role in the Pacific. The logical inference to be drawn from this objective is that the Soviets will attempt to diminish American access to and influence in the region. The Soviet Union needs the Pacific Rim's technology, trade, credit and markets for its domestic development. The Soviets' Far Eastern military posture provides adequate means to court or intimidate its neighbors in peacetime and conduct theatre-wide military operations with significant forces in war.

ENDNOTES

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2. Ibid, p. 123.

3. International Institute for Strategic Studies, The Military Balance 1988-1989 p. 39.

4. James B. Linder, "The Security Situation in East Asia," Global Affairs Fall 1988, pp. 150-151.

5. Ronald J. Hays, "U.S. Military Strategy In The Pacific,"Asia-Pacific Defense Forum Summer 1987, p. 9 (hereafter referred to as "Hays, U. S. Military Strategy").

6. Ibid.

7. DOD,Soviet Military Balance p. 15.

8. James Hansen, "Moscow Looks East,"National Defense October 1987, p.52.

9. Hays, "U.S. Military Strategy," p. 10.

10. Ibid.

CHAPTER III

U.S. Interests

Our interests in the Far East fall into four general categories: military, economic, political, and socio-psychological.1 As previously discussed, the Soviet Union poses the main threat to American interests through either its expanded and modernized military presence or its surrogates. In recent history, American interests focused on maintaining our access to Pacific markets; ensuring the sovereignty and right of self-determination for our allies; and attempting to contain communist influence in the area. Protected by America's "defense umbrella" since World War II, the Far East, in general, has become an economic and political success story.

Military Alliances - Security

The United States maintains five formal mutual security and cooperation treaties with our Asian allies: Japan, South Korea, the Philippines, Australia, and Thailand. Our security relationship with Taiwan is ambiguous because of diplomatic pressure from the People's Republic of China.

U.S.-Japanese Defense Treaty

Washington and Tokyo entered into a defense treaty on

January 21, 1960. The treaty stipulates that any armed attack against one of the signatories in the territories under Japanese administration calls for a common military response. This treaty doesn't have provisions for Japan to support American defensive efforts outside Japanese territories.2

Japan prohibits the presence of nuclear weapons on its soil. The Japanese agreed to a consultation formula which requires the United States to inform Japan if a vessel carrying nuclear weapons is to make a port call in Japan. As part of the agreement, however, the United States might not consult the Japanese; consequently, the Japanese are to assume than any American vessel entering their ports isn't carrying nuclear weapons. In the past, this practical arrangement has worked well for both parties.

Currently, there are approximately 46,000 American servicemen and women serving at Naval, Marine, Army and Air Force bases throughout Japan. Japan's armed forces number 245,000 distributed as follows: Maritime Self Defense Force - 44,000; and Air Self Defense Force - 45.000.3 In April 1981, Japan agreed to employ her forces to defend her air and nautical sea lanes to a distance of 1,000 nautical miles.

Tension exists between Japan and the Soviet Union over the latter's occupation, since 1945, of the northern Japanese territories of Habornai Islands, Eforofu, Kunashiri, and Saikotan Islands.4

U.S.-South Korean Defense Treaty

The United States established a defense treaty with South Korea in October 1953. The intent of the treaty was to deter North Korean aggression and ensure the South Koreans do not attack north to reunite the divided country. The South Koreans granted the United States the right to station air, naval, and ground forces on its territory.5 South Korean Army and Marine forces participated in the Viet Nam War.

American forces in South Korea number approximately 40,300. South Korea's active military strength is 629,000 distributed as follows: Army-542,000; Navy-54,000; and Air Force-33,000.6 America's military presence in South Korea has become a volatile political issue in South Korea. Much of the tension stems from American command of the Combined Forces Command (CFC) which integrates American and South Korean military power on the Peninsula. South Korean dissidents point to the failure of the American commander in 1980, General John A. Wickham, preventing the use of South Korean forces to quell the Kwangju riots which resulted in approximately 191 South Korean fatalities. Likewise, at home, the American media, Congress, and public are questioning the need for continued American military presence in South Korea. It's probable that in the future there will be change in America's military presence in South Korea.

U.S.-Philippines Agreement

In 1947, the United States and the Philippines signed an agreement allowing the U.S. to continue use of bases established before the Philippine's independence. On April 28, 1952, we entered into a defense pact with the Philippines to deter any future Japanese aggression; this treaty may be canceled with one year's advance notice. In 1959, both parties agreed to limit the use of the bases to 25 years; our use, by treaty, expires in 1991.7

The Philippines' bases are the cornerstone of our forward-deployed strategy for the Pacific; furthermore, they're a strategic link to Diego Garcia in the Indian Ocean. The recent domestic upheaval in the Philippines placed in question our future access to these strategically vital bases. Philippines' President Corazon Aquino's government drove a hard bargain for continued U.S. presence until 1991. We agreed to pay $481 million (U.S.) a year for basing rights until 1991. There is support in the Aquino government for terminating the basing agreement in 1991. The United States will be hard pressed to replace the modern facilities and trained indigenous work forces at Subic Bay and Clark Air Base. Likewise, the Philippines' government will find it difficult to replace the annual $500 million (U.S.) our military bases contribute to their economy. We're looking at

basing alternatives in Guam, Tinian, Saipan, Singapore, Okinawa, and Palau, but the United States would prefer to remain at reasonable cost in the Philippines. The bases' future rests upon our relations with the Aquino government.

The United States maintains a force of approximately 16,000 servicemen and women in the Philippines, The Filipino armed forces, including their constabulary force, total approximately 147,000 distributed as follows: Army-65,000; Navy-23,000; and Air Force-16,000. The Philippines are confronting two active insurgencies: one Muslim and one communist. The Muslim opposition consists of the Moro National Liberation Front (MNLF) consisting of 15,000 insurgents. The Communist New Peoples' Army is the larger of the two guerrilla movements with 25,500 combatants.8 The Aquino governments' ability to deal successfully with these insurgencies will, no doubt, affect the current process of democratization in the Philippines.

ANZUS PACT

The United States entered the ANZUS Pact with Australia and New Zealand in September 1951. Initially, this pact was a U.S. security guarantee for Australia and New Zealand in the event of renewed Japanese aggression. In turn, the pact developed a regional focus for the South Pacific and Indian Ocean. Significant were the Australian-led naval maneuvers in the vicinity of the Straits of Hormuz: a clear signal to

Soviet expansionist tendencies toward the Indian Ocean.

New Zealand's Labor Party, led by Prime Minister David Lange, banned nuclear-powered ships or vessels carrying nuclear weapons from entering New Zealand's ports. The United States has a "no denial-no confirmation" policy concerning ship borne nuclear weapons; consequently, our navy lost New Zealand port calls. In 1986, ANZUS, in effect, became AUS when the pact expelled New Zealand.

Australia sided with the United States during the debate even though Australia supports, in principle, a "no nuclear weapons policy." Australia remains a key element of our South Pacific regional defense strategy. In addition to our use of Australian air and naval facilities, we maintain an important submarine communications station and reconnaissance satellite monitoring facilities in Australia.9

The Australian Armed Forces total approximately 70,500 distributed are follows: 32,000-Army; 15,800-Navy; and 22,600-Air Force. Noteworthy is the presence of Australian military advisors in the following countries: Indonesia, Malaysia, Thailand, Singapore, the Solomon Islands, Vanuatu, Tonga, Western Samoa, and Kiribati.10

The departure of New Zealand from ANZUS heightened concern among the Association of Southeast Asian Nations (ASEAN) about the growing Soviet influence in the South Pacific. In 1987, the Soviets entered into a port call agreement with Vanuatu.11 Although this agreement concerns

port calls for fishing boats, many Soviet trawlers are intelligence-gathering platforms; thus, the Soviets have acquired a southern port which provides them enhanced early warning and intelligence-gathering opportunities.

U.S.-Thailand Alliance

In 1954, American Secretary of State, John Foster Dulles, succeeded in achieving an agreement on forming a collective security treaty with eight nations. The Manila Defense Pact established the Southeast Asia Treaty Organization (SEATO) consisting of the United States, Great Britain, France, Australia, New Zealand, Thailand, Pakistan, and the Philippines. In June 1977, SEATO ceased as a collective security agreement due to the Vietnam War, the diminished perception of the PRC as a regional threat, and wide geographic, cultural and political differences. But the U.S.-Thai defense relationship created by the Manila Defense Pact remains viable.12

Currently, the United States participates in combined military exercises such as "Cobra God" with Thai forces. Recently, we agreed to establish by 1991 a joint war reserve stockpile in Thailand for Thai or American use in event of hostilities.13

Thailand faces continuing tension with forces in Cambodia: notably, the Khmer Rouge operating from base camps and refugee villages in eastern Thailand and Vietnamese

forces operating near the Thai border. In 1988, Thailand and Laos fought a brief skirmish along their border.14 In addition to these unsettling developments, Thailand is waging an active war on narcotics trafficking and faces a pressing refugee problem.

Thailand is expanding her relations with the PRC; the Thai Army is purchasing Chinese APC's, tanks, and artillery. Thailand, too, is looking to China to counterbalance Soviet and Vietnamese influence in Southeast Asia.

The United States has no major troop units stationed in Thailand. Thai Armed Forces total approximately 256,000 distributed as follows: 166,000-Army; 42,000-Navy; and 48,000-Air Force.15

Compounding Thailand's internal security problem, is a small communist opposition comprised of splintered communist organizations: Communist Party of Thailand (RPT) - 600; and the Thai People's Revolutionary Movement (TRPM aka Pak Mai) - 1,500. Furthermore, there are approximately 400 Islamic opponents.16

U.S.-Taiwanese Defense Relations

From 1949 until 1953, the U.S. lacked a formal defense agreement with Taiwan, but American Presidents Truman and Eisenhower publicly expressed America's commitment to protect Taiwan. Likewise, we indicated the U.S. wouldn't allow the Taiwanese to invade mainland China. Taiwan and the PRC

engaged in a limited gun battle over disputed ownership of the islands of Quemoy and Matsu in 1953 after America lifted its offensive restrictions on Taiwan.

On December 2, 1954, the United States and Taiwan signed a bilateral defense agreement. Under this treaty, the U.S. gained the right to deploy land, air, and naval forces in the treaty area, and Taiwan agreed to consult the United States before any offensive military actions against the PRC.

Taiwan became the diplomatic price Americans paid for rapprochement with the Peoples Republic of China in the 1970's. By 1979, America severed formal diplomatic relations with Taiwan; withdrew all troops; and canceled the security agreement.

Although the United States ended formal diplomatic relations and its defense treaty, Congress, in March 1979, passed the Taiwan Relations Act which, if effect, created a surrogate defense treaty. The act provided for weapons shipments to Taiwan and indicated America would view harshly any threats to Taiwanese security.17

The Peoples' Republic of China responded unfavorably to this new development. Accordingly, the U.S. and Beijing agreed America would limit its arms transfers to Taiwan and after an unspecified period, all weapons shipments would cease. In essence, it appears the PRC wants to reduce the tensions of past PRC-Taiwanese relations and try a more subtle approach to convince the Nationalist Chinese that

their future peace and prosperity rest on a reunited China. To this end, some observers speculate, the Taiwanese are watching with interest Hong Kong's return to PRC control in 1997.

Taiwan's total Armed Forces consist of approximately 405,000 distributed as follows: 270,000-Army; 35,500-Navy; 70,000-Air Force and a combined Army, Navy and Air Force reserve of 1,657,000.18

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1. Frank C. Carlucci, Report of Secretary of Defense to the Congress on the Amended FY 1988 and FY 1989 Biennial Budget p. 81.

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13. Asia 1988 Yearbook p. 250.

14. Keith B. Richburg, "Thailand, After Two Decades of Growth, Poised to Be the Next 'Little Tiger' of Asia," The Washington Post 9 October 1988, p. H2.

15. IISS, Military Balance pp. 179-180.

16. Ibid, p. 180.

17. Aichinger, Military Technology p. 39.

18. IISS, Military Balance p. 178.

CHAPTER IV

U.S. Economic Interests

America's economic interests can best be assessed by examining U.S. trade relations with those Asian nations having significant trade relations with the United States. In 1986, America imported approximately $366.53 billion while exporting $216.7 billion.1 In exports for that year, our leading trade partners were Canada - 24% and Japan - 12%; we imported 22% from Japan and 19% from Canada for the same period.2 Japan is Asia's trade leader with the U.S. and following Japan in trade with America are the newly industrialized countries (NIC's) of South Korea, Hong Kong, Taiwan, and Singapore. The United States has trade deficits with these nations; consequently, our current economic interests focus on reducing our trade imbalances with the Pacific Rim.

Japan

Japan worked for forty years to catch-up with the industrialized West. Nippon has made dramatic economic progress through exports. Today, Japan is a member of the Group of Seven industrialized countries, and the Japanese yen is a world-wide economic barometer. Currently, we have a two tier economic relationship with the Japanese. On one level

we debate trade and technology transfer policies; while on the other tier, American and Japanese economies become increasingly interdependent.

We have a growing trade imbalance with Japan. To date, approximately 40% of Japan's exports are to America, and we account for 23% of Japan's imports.3 In short, we're a key market for Japan's exports, but Japan allows us to export to her the same percentage she imports from her Southeast Asian neighbors - 23 percent. American businesses want to increase their imports to Japan, but they face cultural and tariff barriers. Consequently, Americans see Japan's trade practices as "unfair," and we argue Japan should have a "level playing field" for trade. Our perception of Japan's unfair trade practices is a key point of disagreement between us:

> In fact what really upsets Americans most is the issue of 'fairness.' There is a strong sense among businessmen, labor leaders, politicians and diplomats that Tokyo manages its trade in either illegal or simply selfish ways to seize U.S. markets while protecting their own.4

In response to Japan's "unfair" trade practices, the Reagan Administration imposed high tariffs on electrical goods and import quotas on cars. These measures demonstrate our resolve to penalize Japan's "unfair" trade practices.

Technology is another sensitive issue, and we're working jointly to improve our relations in this area. The U.S. invited Japan to participate in development of the Strategic

Defense Initiative (SDI) project. Recently the Japanese, in response to American pressure, agreed to the joint development of Japan's FSX fighter. The FSX project will require sharing advanced technologies. This is a positive development, from an American point of view, in light of the Toshiba scandal involving the sale of "submarine-quieting" technology to the Soviets and the recent rejection of Fugitsu's attempt to takeover Fairchild Semiconductor - a U.S. defense contractor.

Economic interdependence is, at times, a "heated relationship" but both countries realize their economic futures are intertwined. Because Japan is awash in relatively cheap U.S. dollars resulting from the trade imbalance, Japan is buying American securities which in turn help us service our trade deficit. Should the U.S. experience deficit-related financial problems, Japan would feel the effects. "It is now a symbiotic relationship: debtor and creditor; consumer and producer; leader and led."5 In 1988, Newsweek predicted, "By 1995 the Japanese government and Japanese private investors will likely own $1 trillion, or as much as 10 percent of all U.S. assets."6 Another example of Japan's role in America's economy is Kentucky:

> The state of Kentucky alone has 39 Japanese-owned or Japanese joint-venture manufacturing plants representing an investment of $1.9 billion and employing nearly 11,000 workers. Thirty-two

> of these plants were opened in the past four years.7

It's likely this trend will continue into the future.

Japan must open its markets to more American goods. On the other hand, American businessmen must learn the nuances of Japanese culture and business practices and offer them quality merchandise at competitive prices. In all probability, this process will require time and patience - realities the Japanese respect and understand.

South Korea

South Korea is Japan's near-term trade rival. Likewise, its economic relations with the United States are similar to those between Japan and America. In over thirty years, South Korea has grown into a "paper tiger." With abundant cheap, motivated labor, South Korea's annual real growth is about 8% - twice that of Japan's. Furthermore, South Korea's saving's rate of 33% is twice that of her former occupier.8 But in light of recent American protectionist measures, South Korea has concerns:

> The American market matters a lot to South Korea: exports are 38% of its GNP, and 40% of them go to the United States. South Korea's trade surplus with America probably exceeded $10 billion last year, almost twice its surplus with the EEC. 9

Another important concern is how can South Korea penetrate

the developed world's markets - like the Japanese did - when markets are not as receptive as they were in the 1960's and 1970's. The South Korean solution is to underprice competitors with quality goods.10

The United States pressured the South Koreans to devalue the dollar against the won. Beginning in 1986, the won rose 10% against the dollar in 18 months.11 Furthermore, in response to American demands, a few South Korean firms have opened plants in America: Samsung manufactures TV's in New Jersey. Another sensitive trade topic is cheap South Korean steel, "...Korea makes steel for $23 in labor costs per metric ton, compared with $132 in Japan and $164 in the U.S."12 To ease this major cost difference USX and Posco formed a joint venture. The American steel giant is modernizing a rolling mill at Pittsburg, California, and will purchase semifinished steel for production from South Korea. South Korea appears to be sensitive to American demands to import more American goods. "Imports from the United States have only started to increase - they were 43% higher in the third quarter of 1987 than they had been a year earlier."13

South Korea has several problems which affect its current and future economic relations with the U.S. Labor unrest is an ongoing concern and requires action to democratize itself and end the governments heavy-handed tactics in dealing with labor. Furthermore, South Korea needs more engineers. "According to McKinsey and Co., a

consulting firm, in Japan, the number of engineers per 10,000 people in the working population is 240. In the United States it's 160, and in South Korea it's 32."14

America learned a costly economic lesson from Japan's economic success story. We must work closely with emerging economic powers to develop early mutually beneficial trade relations. South Korea may be a major test case for America's future economic policies with the NIC's.

Hong Kong

Hong Kong is part of the collective Asian trade challenge facing America in the Pacific Rim. In 1987, Hong Kong exported 30% of its total exports to the United States while receiving only 8% of its imports from American firms.15 Its dependence on the U.S. market for exports declined from a high of 44 percent.

Hong Kong's container port is the largest in the world and operates 24 hours a day, 363 days a year. The 20 foot by 40 foot containers are ideal for shipping Hong Kong's light industrial products. "More than two-thirds of Hong Kong's workforce is employed in the textiles, clothing, electronics, plastic products, toys and watches and clocks industries...."16 Hong Kong's productivity stems from cheap labor, hard work and expensive land that requires efficient utilization. In spite of these strengths, Hong Kong's economic future is clouded.

The PRC assumes control of Hong Kong in 1997. Publicly, China stated it will follow a "one country, two systems" philosophy in allowing Hong Kong's capitalist economic system to coexist with Chinese communism. But the emergence of the Chinese Communist Party (CCP) - formerly an underground organization - and its active, assertive role in Hong Kong's politics caused several businesses to move their wealth offshore. Furthermore, many Hong Kong firms have begun "to hedge their bets" by diversifying offshore. Many businessmen have not forgotten China's actions in Tibet after initially promising to observe Tibetan cultural and economic practices.

America's economic problems with Hong Kong center on the value of the Hong Kong dollar and trade imbalance. Hong Kong ties the value of its currency to the value of the American dollar. Thus, when the American dollar moves up or down in value, the Hong Kong dollar follows. This strategy has helped to preserve Hong Kong's American market regardless of currency fluctuations:

> But with Hong Kong's trade surplus with the U.S. continuing to rise, totaling about HK $68 billion in 1987 (equal to about 5% of the total U.S. deficit), and with South Korea and Taiwan having already bent to U.S. revaluation pressure, Hong Kong was looking increasingly vulnerable to allegations that its currency peg constituted an unfair trading practice.17

Looking to the future, American will continue to work on

increasing its market position in Hong Kong, but America's distant relations with Hong Kong will be, no doubt, a function of the nature of U.S.-Chinese relations.

Taiwan

Taiwan is the world's 13th largest trading nation, and like its Asian neighbors, it depends on the U.S. market for much of its wealth:

> ...labor remains much cheaper in Taiwan than in the United States, the threat of increased protectionism by the United States hangs over Taiwan's head. The United States is a vital market both for Taiwan-owned companies and for U.S. companies with operations in Taiwan.18

Taiwan exports about 49% of its GNP to America while importing 23% of its needs from the U.S.19 "Through the first three quarters (1987), Taiwan enjoyed a surplus in its trade with the U.S. of U.S. $12.47 billion - up 26% from the year before."20 Like the other NIC's, it faces U.S. pressure to open its markets:

> ...the U.S. Government applied pressure on a variety of fronts to induce Taiwan to adopt market opening measures. The main points of attention included tariff reductions, the scope of operations open to U.S. financial institutions and insurance companies, intellectual property rights and inland transportation.21

Since January 1987, Taiwan reduced its tariffs on over 6,000

items. Taiwan appears anxious to meet American demands less it lose its leading overseas market.

Taiwan built its prosperity on cheap textiles and shoes, but it's moving to upgrade its products to appeal to wealthy customers who often buy expensive goods. Furthermore, it plans to shift from its dependence on textiles to manufacturing hi-tech computer components.

While America demands more open-trade with Taiwan, two realities require Taiwan to move with caution. First, if Taiwan opens its trade doors, it's likely to be flooded with Japanese goods. Second, the limited size of Taiwan's market practically rules out its ever achieving a true trade balance with the United States. Thus, the U.S. must work closely with Taiwan to achieve a relatively fair trade relationship in view of these realities.

Singapore

Singapore is a city-state about 4 times the size of Washington, D.C. As one of the "economic tigers" of Asia, Singapore, too, depends on American trade:

> The U.S. remains the top foreign market for Singapore, having absorbed nearly S $10.4 billion in the first three quarters of 1987 - almost as much as the S $10.6 billion exported in all the previous year. The U.S. alone accounts for a quarter of Singapore's exports.22

Manufacturing is the main force of Singapore's export-driven

economy. "With a 38% growth rate, it (electronics industry) now replaces oil refining as Singapore's top industry with U.S. $6 billion output in 1986."23 Singapore is referred to as the "Silicon Valley" of the Far East. Furthermore, Singapore is focusing on developing a strong research and development industry. Singapore has the potential of becoming a hi-tech electronics empire.

American firms aren't blind to these developments. Several U.S. firms now manufacture electronic goods in Singapore. In fact, multinationals account for 70% of Singapore's manufactured goods. Singapore has made American trade more attractive by allowing 96% of U.S. goods to enter Singapore duty-free.

From America's point of view, the NIC's like Japan, must open their markets to more American goods to reduce America's trade deficit. Moreover, the U.S. and our trade partners must work toward establishing equitable trade practices lest we engage in internecine trade wars.

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CHAPTER V

Political Interests

Current U.S. foreign policy reflects America's political interests in the Pacific Rim. Foreign policy aims are to discourage the influence of potentially hostile powers and to strengthen ties of friendship. Major foreign policy issues fall into three categories: foreign and humanitarian assistance and drugs. Foreign policy faces the challenge of matching American values with strategic interests and objectives and prioritizing constrained resources to fund programs supporting our policies.

Foreign Assistance

Economic aid and security assistance are the two major components of foreign assistance. We focus most of our Asian foreign assistance funds on the Philippines, Indonesia, and Thailand. Economic Support Funds (ESF) target improvement in nations' infrastructure to include such areas as health care, food production, and education. In Indonesia, for example, "...almost 40% of Indonesia's population (66 million people) live below the World Bank's poverty line."1 Consequently, our economic assistance for Indonesia focuses on three goals: "...expanding off-farm employment, increasing and diversifying food production, and improving health care and

family planning."2

For Fiscal Year 1990, the Philippines will be the only East Asian country to receive major increases in economic and security aid as a condition to extending American basing rights at Subic Bay and Clark Air Base.

> The Philippines will receive $200 million in FMS (Foreign Military Sales) grants, up from a 1989 request of $110 million in MAP (Military Assistance Program) grants. It also will receive $2.4 million for the International Military Education and Training program. Along with economic support funds (ESF) and other aid, the Philippines will receive a total of $649 million, an increase from its 1988 total of $269 million.3

The Philippines increased assistance demonstrates the strategic importance Congress, the State Department and Department of Defense attach to America's continued access to Subic Bay and Clark Air Base.

Three other East Asian nations are the only additional programmed recipients of ESF for FY 1990: Cambodia: $7 million, Fiji: $1 million, and Thailand: $5 million.4 Likewise, South Korea, Thailand, and the Philippines will be the major beneficiaries of constrained military assistance. In summary, our pressing domestic budgetary and international trade deficits have reduced our ability to fund adequately our foreign assistance program.

Humanitarian Assistance

Our emigration policy and financial assistance influence the care of refugees. In 1980, the Unites States passed a new refugee act which offered a new home to more than a half million refugees.5 Furthermore, the U.S. provides funds for about 25% of the international communities' 10 million refugees.6

In 1987, Vietnam and the U.S. agreed on a policy for processing and immigration of Amerasian children and their immediate family members. In addition, the Vietnamese government is releasing more "re-education camp" inmates. Our policy is to favorably consider for emigration all "re-education camp" inmates formerly associated with the South Vietnamese government.

Thailand has a major refugee problem. "Since 1975, no fewer than 673,000 refugees have arrived in Thailand by land and sea - 325,000 from Laos, 228,000 from Kampuchea, and 120,000 from Viet Nam."7 The positive side to these statistics is the number of refugees who are finding new homes. "A total of 560,000 refugees have now left Thailand for third countries, around 69 per cent to the USA, 13 per cent to France, and 5 per cent to both Canada and Australia. In addition, just over 12,000 have been able to return to their homes."8 The U.S. provides Thailand with $5 million in ESF to assist with their refugee problem. Our humanitarian

assistance underscores our resolve to help people who "vote for freedom with their feet."

Drugs

Curtailing supply and demand for illicit drugs is America's "drug war" objective. Domestically, our anti-drug program involves education, interdiction, testing, eradication, rehabilitation and prosecution. Overseas, the U.S. has a "carrot and stick" policy for influencing the international trade of illicit drugs. The President certifies to Congress which nations cooperate with us in combating drugs. Congress, in turn, can impose economic sanctions or deny aid to those countries not certified by the chief executive.

Asia is a major source of opium and heroin. Two Asian geographical regions are the principal drug sources:

> The Golden Crescent production area, including parts of Pakistan and Afghanistan, and the Golden Triangle in the remote mountainous area where Burma, Thailand, and Laos converge is largely oriented toward the conversion of opium to heroin. In 1987, alone Burma exported an estimated 65 metric tons of heroin....9

Specifically, Burma, Thailand, Pakistan, Malaysia, Hong Kong and India cooperate with the U.S. in our drug war efforts. Burma is the largest producer of opium, but recent domestic political turmoil has slowed its narcotics eradication program. Thailand, also, is a major source of opium and is

exploring the use of herbicides. Pakistan is a major refining and transit point for Southwest Asia's drug trade and works with us in stemming the drug flow. Malaysia views drugs as a national security threat and is working to curb the heroin and morphine traffic. Hong Kong is the major financial center for drug trade and revised its banking laws to provide information for drug-related criminal investigations. "India is forming an elite investigative unit as part of a more vigorous enforcement campaign to interdict trafficking in opiates from both Southwest and Southeast Asia along its western and eastern borders."10 The Government of Afghanistan was denied certification in 1987 for failing to act against narcotics production and trafficking. The Soviet-backed regime took no action in 1987, on its own or in in cooperation with the United States, to halt production of opium, nor are cooperative actions planned for 1988."

Drugs are a threat to our national security as they weaken and waste human potential and drain scarce resources to combat their insidious effects. Achieving an effective drug policy rests on domestic bipartisan support and international cooperation.

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CHAPTER VI

U.S. Sociopsychological Interests

Background

Historically, the United States played a major role in opening the Far East to the West in the Nineteenth Century. While European nations, most notably the Portuguese, were the first in reaching the Orient, it was the United States and its "Open Door Policy" which tempered Europe's efforts to carve up Asia.

Westward expansion required abundant, cheap labor which Asia provided in great numbers. Americans with European cultural roots reacted strongly. We developed a racist attitude which often resulted in discriminatory policies to curb Asians' roles and influence.

Twentieth Century American history is replete with instances of discriminatory policies toward orientals. In 1906, the San Francisco school board openly discriminated against Japanese school children by directing them to attend all-oriental schools. It required the personal efforts of President Theodore Roosevelt to rescind the policy. In 1924, the American Congress passed an immigration law barring Asian emigration. After Pearl Harbor, the American government approved the forced internment of over one hundred thousand Japanese-Americans - the Nisci. America's involvement in

three wars in the Far East fostered racist outlooks by describing orientals as "gooks," "slant-eyes," etc. In short, American history reflects a racist attitude of superiority and discrimination toward Asians.

Immigration

In 1965, the United States eliminated immigration quotas. Consequently, Asian emigration to America is soaring. During the period 1955-64, legal Asian immigrants accounted for approximately 7.7% of all immigrants; by 1987, the percentage grew to 42.8%. Looking to the future, Asians will comprise about 3.0% of America's total population in 1990 with this percentage projected to increase to 11.1% by 2080.2 Given the anticipated decline in white (non-Hispanic) demographics, these figures become increasingly significant for America's economic, political and social future.

Politics

Asian Americans on the West coast are demanding an expanded role in American politics. In December 1988, representatives of the Organization of Chinese Americans (OCA) met with representatives of President-elect George Bush's transition team to push the selection of Asian Americans to serve in the new administration.3 Approximately 70,000 Asian immigrants enter California each year; first generation residents have a history of maintaining close

cultural and economic ties with their homelands. By 2020, Asian Americans in California will number about 5,615,200 compared to 2,962,500 Blacks, 14,948,300 Hispanics and 16,092,500 whites.4 By 1990, Asian Americans will draw even with White and Hispanic populations in San Francisco. It's likely we'll see an expanded Asian American role in local, state and federal politics. Moreover, this change will affect American political relations with the Pacific Rim.

Education

American corporations are discovering the value of strengthening relations with Asians enrolled in American colleges and universities. "Thirty-nine percent of all foreign students studying in the United States are East Asians," noted a State Department official.5 The four largest groups of foreign students are from China, Korea, Malaysia, and Taiwan. Many students elect to become American citizens and offer corporations the necessary cultural and technical skills to penetrate Asian markets.

Trade

A key American trade interest is developing effective trade strategies for Asian markets. Successful American entrepreneurs developed culturally relevant business principals. First, you don't sell cheap; many Asians assume cheap goods mean inferior products! Second, sell only

quality merchandise. Third, design products for the culture: smaller-scaled products for smaller-scaled lifestyles. Fourth, hire businessmen who understand the language and culture. Fifth, don't depend on native dealers: develop your own sales and distribution force with the requisite cultural skills. Finally, you must provide outstanding service: it's expected in the Orient.6

This new business philosophy represents a major change from the philosophy of "planned obsolescence" intended to ensure future demand by manufacturing cheap, relatively short-lived products. In summary, growing economic interdependence between the U.S. and the Far East requires a departure from past biases and practices for future mutually beneficial relationships.

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Chapter VII

U. S. Strategy For The Far East: Toward the 21st Century

INTRODUCTION

The Far East is a region in flux. Given the evolving nature of U.S. relations in the regions, it's difficult, at best, to specify a national strategy for the region. However, in view of the threat and current American interests and objectives, it's possible to forecast some general future directions for American strategy in the Far East. This chapter will offer some possibilities for America's economic, political, sociopsychological and military strategies for the Far East in the Twenty-first Century.

ECONOMICS

America's economic objectives in the region focus on encouraging free and fair trade; ensuring access to markets and sea lines of communications (SLOC'S); and improving the balance of trade.

Our eastern trade-partners' success is rooted in trade practices which favor aggressive exportation while limiting American penetration of their markets. Recently, at the Uruguay Round of Trade Negotiations, the U.S. proposed a total phaseout over the next ten years of all farm export subsidies. Japanese citizens pay seven times the world price for their domestic rice, and refuse to drop tariffs

protecting their rice farmers.1 As previously discussed, however, Taiwan and Singapore reduced tariffs on thousands of American products. Their major regional concern, however, is a major Japanese penetration of their markets following tariff concessions to any trading partner. America, too, continues some protectionist measures notably in the auto import trade. We're making progress but more tariff barriers must come down in the future.

We ensure access to markets with our forward-based military forces and maritime strategy. Our presence is vital for the dynamic economies of Northeast Asia which import over fifty percent of their oil from the Persian Gulf. For the future, the U.S. needs regional support to maintain its military bases at critical locations such as Clark Air Base and Subic Bay in the Philippines.

Improving our trade balance with the Far East is key to ensuring America's economic future. "In 1987, East Asian and Pacific economies accounted for more than 60% ($170 billion."2 Added to this regional challenge is the worldwide trend toward the formation of regional economic blocs: European Community in 1992 and the U.S.-Canada Free Trade Agreement developed to eliminate all trade tariffs in ten years. Our future economic strength rests on changing America's status from a debtor to a creditor nation. Currently, the U.S. is relying on a "cheap dollar" to redress the trade imbalance. Industry and businesses need to develop

new culturally relevant practices and products to penetrate and expand in Asian markets.

The Far East's economic impact on America's economy has driven home the realization that economics is a key component of our national security. Our government is beginning to play an expanded role in marshaling America's economic strength to reduce our dependency on foreign supplies for defense-related items such as computer chips. The Department of Defense led the formation of Semiconductor Manufacturing Technology (SEMATECH), a consortium of 14 American electronics firms, dedicated to restoring America's edge in computer chip manufacturing. It required government resources to organize and partially fund this project:

> The Pentagon has poured $200 million into SEMATECH during the first two years of a planned five-year, $500 million program. SEMATECH'S member companies are contributing $125 million each year to the enterprise, and the University of Texas built a $50 million facility to attract the consortium to Austin.3

SEMATECH is one example of what may become a trend of government sponsorship of private technological sectors to compete with Far Eastern nations with similar governmental support relationships.

Finally, the U.S. should lead in sponsoring the establishment and funding of a regional, multilateral forum e.g. Organization for Economic Cooperation and Development

(OECD) to discuss trade policies and practices which are of mutual concern to regional members. The development of such a forum will require moderation in economic nationalism and cultural biases - a challenge for political leadership.

POLITICAL

America's political objectives in the Far East focus on maintaining a balance among regional powers; supporting political self-determination; enabling development and economic growth; reducing or ideally eliminating the drug trade; and continuing humanitarian assistance.

America's leadership role in the Far East is changing. While we remain the key military and economic regional power, the continued economic growth and rise of other regional powers requires change: America will be expected to play a more collaborative role in the Far East. The bipolar nature of international relations is fading; we're living in an emerging multipolar world. Consequently, maintaining balance among the U.S., U.S.S.R., Japan, and China will be a delicate and complex task. The Soviet Union, because of its military presence and capabilities, will remain the dominant threat. Our challenge will be to maintain a consensus of the threat among the U.S., China, and Japan. Likewise, we must develop the same perspective of the Soviet threat among other regional members.

The United States must continue to support the principle

of self-determination as the Philippines and South Korea define their domestic political futures. Other Asian nations will view our support as a test of our sincerity and resolve; thus, our future credibility in the region is at stake.

Foreign assistance, consisting of economic and military aid, continues to shrink due to domestic budgetary constraints; consequently, America's ability to influence Third World development has declined. Currently, Congress "earmarks" approximately half of the total foreign aid budget ($15 billion FY90) for Egypt and Israel.4 The remaining $7 billion addresses aid for the remainder of the world. Many countries needing assistance no longer receive aid. The Japanese are now the world's foremost provider of foreign assistance.5 While the U.S. applauds Japan's expanded role in foreign aid, we should understand that Japan's gain in prestige is America's loss.

For the future, we must focus on security assistance that develops self-sufficiency for sovereign tasks rather than "buying" political peace. In sum, we need increased funding and less "fencing of funds." Without reform our efforts will continue to diminish in scope and effectiveness.

America's current drug crisis has far reaching foreign policy implications and affects our national security and economic interests. We need a new U.S. drug policy with a more pronounced Asian component; furthermore, we should support the formation of greater international cooperation by

bringing Latins, Europeans, Asians, and North Americans together.6 We must work in concert to resource and prosecute the antidrug war.

Finally, the U.S. should continue to provide adequate humanitarian assistance to peoples seeking a better life. The United Nation's role is critical in this regard and must continue to receive support from the U.S. and regional members.

Sociopsychological

America's sociopsychological objectives in the Far East include developing expanded cultural relations with the region; integrating Asian immigrants into our social, political, and economic processes: raising the American public's awareness of the importance of the Far East in our future; and developing culturally relevant business practices.

Our cultural differences are the major impediments affecting our sociopsychological relations with the Orient. We're a Eurocentric people; consequently, we've looked to the West not the East. Our sociopsychological strategy is one of changing attitudes to cope with the reality of an emerging Far East having an expanded influence on world affairs. We look to our educational institutions and the media to ensure the publics' understanding of how change - primarily economic is moving toward increased interdependence.

The federal government and private sector should expand their support for more cultural exchanges. Governments must ensure Asian-Americans have the same civil rights and liberties we've extended to other minorities. Our actions in this regard send a strong message to our Asian friends and allies. The American business community needs to change its old business ideologies for more culturally relevant business practices in the Orient.

Military

The geography of the Far East requires a maritime strategy; our ability to prevail at sea is the linchpin of any strategy for the Pacific. "The challenge is greatest in the northwest Pacific where the predominant Soviet threat is located."7 Our strategic objectives are: to contain Soviet expansionism; to maintain access to existing forward bases; and to ensure freedom of the seas.

Our defense strategy consists of three pillars: deterrence, forward deployed forces, and coalition warfare. Our major regional adversary, the Soviet Union, has assembled a large military presence to serve as a springboard for regional economic and diplomatic penetration. To counter this threat, our maritime strategy has peacetime and warfighting components.

During peacetime, we tailor our strategy to meet the different regional needs of our regional allies and friends.

For example, in Northeast Asia, South Korea requires a deterrent force with a nuclear backup guarantee. To date, our presence has provided the requisite security for South Korea's economic growth and democratization. In Southeast Asia, our friends and allies require military assistance, equipment, and training to improve their defense capabilities. The South Pacific, on the other hand, needs help in developing its infrastructure and economies. Here we can help with contributions in disaster relief, humanitarian aid, and civic action programs. Our flexible approach to regional needs ensures stability and nation building.8

Our warfighting strategy is based on forward-deployed, highly mobile, inter-operable, combat-ready forces capable of fighting in joint and combined operations. Our forward bases enhance deterrence in the pre-conflict period by allowing us to signal our resolve with reinforcements and to position forces for a tactical advantage in the event of hostilities.

We must maintain our forward presence. The recent negotiations with the Philippines for continued access to Clark Air Base and Subic Bay indicate the U.S. must likely increase its aid efforts and improve our political relations if we're to maintain these strategically significant bases. Estimates for relocating the bases to Guam or Micronesia range from $3 to $4 billion not including the $2 billion in "sunk costs" for the capital value of the Philippine bases.9 "Two years ago (1986) the Congressional Research Service

calculated that if the military wanted to make up for every minute of extra steaming time from more-remote alternative bases, it would have to buy five or six more carrier battle groups, at some $10 billion a piece."10 The Philippines' bases are critical for power projection between the Pacific and Indian Oceans and control of strategic regional "choke points."

Unlike NATO, the Far East has several bilateral security relationships with us instead of multilateral; there is no established "central front"; nor is there a supreme headquarters to develop combined plans and policies. In South Korea, the Combined Forces Command (CFC) has integrated command and control between Republic of Korea (ROK) and U.S. forces. Conversely, in Japan, the U.S. and Japanese Self Defense Forces maintain separate, parallel command and control arrangements. Compounding the problem of no integrated regional supreme command is the fact that most existing agreements and friendships have regional rather than theater-wide perspectives. The bilateral nature of regional security makes it more fragile and thus subject to fracturing and "defeat in detail" by an adversary.

The Far East needs a multilateral defense organization to integrate its military defense organization to integrate its military capabilities. Such an organization could work toward rationalization and integration of doctrine, command and control, and force structures. We need to work in

reducing the cultural and nationalistic obstacles hindering the development of a true collective security coalition for the Far East. Finally, we should impress upon allies and friends the fact that while Soviet "tactics" for the region may have changed, their objectives of regional penetration and expansion have not.

Resourcing our security arrangements in the Far East is as much a controversial economic and political issue as it is military. The reality is that our currently declining economic power imposes increasing domestic economic burdens in meeting our defense commitments. The American public and Congress see the U.S. providing the largest part of Asian security, while these nations focus on investments in productive capacity. Given our present economic situation, we should continue to seek financial relief through increased economic support for security by regional nations. Japan responded by increasing its regional aid and defense budget. For fiscal year 1989, Japan plans to increase its defense budget by 5.2 percent to about $31.6 billion or approximately 1 percent of its GDP. In addition, Japan decided to increase support of American troops stationed in Japan; to raise wages for Japanese civilians working on U.S. bases; and to construct a nighttime landing strip for the U.S. Navy on Iwo Jima.11 Also, the U.S. is looking at requesting that South Korea expand its host nations support for U.S. forces. For the future, we should continue to seek accommodations for

transferring more regional security costs to Far Eastern nations.

In conclusion, we pursue a maritime strategy in the Far East, but unlike Britain's pre WWII maritime strategy which integrated military, economic, and political power, ours is primarily military. We need to integrate the military, political, and economic threads to enhance regional security.12 Currently, we and the Soviets operate in different spheres: the U.S. is a naval and air power in a maritime theater while the Soviets are a continental power albeit with enhanced power projection capabilities. Furthermore, the Soviets are geographically disadvantaged as they must project sea power through "choke points" controlled by our allies. Of concern, however, is the U.S.S.R.'s capability to project significant air power throughout the region and into America's interior from the Pacific Rim. In view of these strategic advantages and disadvantages, the U.S. military strategy for the region will be characterized by continuity and change. We'll continue to exploit Soviet weaknesses with our strengths and change to capitalize on the new realities of economic growth and prosperity among our allies and friends. Furthermore, we should modify our existing strategic doctrine to that of "responsive containment' to parry Soviet attempts to penetrate and expand in the region at the expense of American influence and access, and regional stability.

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